

ORIGIN NP-00

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E.O. 12958: DECL: X1, X5
TAGS: [PARM](#) [PREL](#) [CH](#) [IR](#)
SUBJECT: CW PROLIFERATION DEMARCHE: IRANIAN ORDER FOR
LARGE QUANTITY OF CHEMICAL EQUIPMENT FROM CHINA (S)

CLASSIFIED BY: EAP DAS DONALD W. KEYSER. REASON: 1.5(B,C,D)X1, X5

11. (S) BACKGROUND: DURING MISSILE NONPROLIFERATION TALKS ON MARCH 6 IN WASHINGTON, CHINA'S MFA ARMS CONTROL AND DISARMAMENT DIRECTOR GENERAL LIU JIEYI TOLD NP A/S WOLF THAT CHINA WAS TAKING SEVERAL, SIGNIFICANT NEW STEPS TO TIGHTEN CHINA'S NUCLEAR, CHEMICAL, AND BIOLOGICAL EXPORT REGULATIONS, INCLUDING HAVING INTERIM CONTROLS COVERING ALL ITEMS ON THE AUSTRALIA GROUP (AG) CONTROL LIST IN PLACE BY THE END OF MARCH.

12. (S) THIS IS WELCOME ACTION THAT WE WANT TO ENCOURAGE. WE ALSO WANT TO UNDERScore THE NEED FOR EFFECTIVE ENFORCEMENT OF THESE CONTROLS, AND RAISE OUR CONCERNS ABOUT IRANIAN ENTITIES SEEKING DUAL-USE CHEMICAL EQUIPMENT FROM CHINA. IN PARTICULAR, INFORMATION EXISTS THAT THE IRANIANS HAVE APPROACHED TWO CHINESE FIRMS -- ZIBO CHEMET EQUIPMENT PLANT, ALSO KNOWN AS ZIBO CHEMICAL EQUIPMENT PLANT (ZCEP), AND LIAOYANG PHARMACEUTICAL MACHINERY IMPORT AND EXPORT (LPMIE) -- FOR LARGE QUANTITIES OF DUAL-USE CHEMICAL EQUIPMENT. WE WANT CHINA TO INVESTIGATE THIS CASE AND TAKE STEPS TO PREVENT THE TRANSFER.

12. (C) ACTION REQUEST: DEPARTMENT REQUESTS POST CONVEY THE POINTS IN PARA 3 TO THE APPROPRIATE HOST GOVERNMENT OFFICIALS.

13. (S - REL CHINA) BEGIN TALKING POINTS.
-- WE LOOK FORWARD TO YOUR GOVERNMENT'S PUBLICATION AND ENFORCEMENT OF AN INTERIM MEASURE CONTROLLING ALL ITEMS LISTED IN THE AUSTRALIA GROUP LISTS. THESE MEASURES WILL HELP PREVENT THE SPREAD OF WEAPONS OF MASS DESTRUCTION THAT POSE A THREAT TO THE CITIZENS OF OUR TWO COUNTRIES.

-- WE ARE ESPECIALLY CONCERNED ABOUT THE DEVELOPMENT OF CHEMICAL WEAPONS AND OTHER WEAPONS OF MASS DESTRUCTION BY STATE SPONSORS OF TERRORISM SUCH AS IRAN.

-- IRAN HAS ACKNOWLEDGED ITS PAST DEVELOPMENT OF CHEMICAL

WEAPONS. IRAN ALSO HAS CONTINUED ITS EFFORTS TO SEEK DUAL-USE PRODUCTION TECHNOLOGY, EXPERTISE, AND PRECURSOR CHEMICALS FROM CHINESE ENTITIES. THIS ASSISTANCE COULD BE USED TO CREATE A MORE ADVANCED AND SELF-SUFFICIENT CHEMICAL WARFARE INFRASTRUCTURE.

-- IN PARTICULAR, WE HAVE INFORMATION THAT IRAN IS SEEKING TO PROCURE LARGE QUANTITIES OF AUSTRALIA GROUP-CONTROLLED, DUAL-USE CHEMICAL EQUIPMENT FROM CHINESE COMPANIES. SPECIFICALLY, IRANIAN FIRMS HAVE APPROACHED THE CHINESE FIRM ZIBO CHEMET EQUIPMENT PLANT -- ALSO KNOWN AS ZIBO CHEMICAL EQUIPMENT PLANT (ZCEP) -- AND LIAOYANG PHARMACEUTICAL MACHINERY IMPORT AND EXPORT (LPMIE). WE BELIEVE THAT IRAN HAS ACTED THROUGH LPMIE'S SALES REPRESENTATIVE IN IRAN, ARYA FOREIGN TRADE CORPORATION.

-- THE FACT THAT IRAN IS SEEKING SUCH A LARGE QUANTITY OF GLASS-LINED CHEMICAL PROCESSING EQUIPMENT RAISES SERIOUS CONCERNS THAT THE EQUIPMENT IS NOT FOR LEGITIMATE PURPOSES, BUT IN FACT WILL BE DIVERTED TO IRAN'S OFFENSIVE CHEMICAL WEAPONS PROGRAM.

-- WE URGE CHINA TO INVESTIGATE THIS MATTER AND TAKE ALL NECESSARY STEPS TO STOP THIS TRANSACTION FROM OCCURRING AND PREVENT CHINESE ENTITIES FROM CONTRIBUTING EVEN INADVERTENTLY TO IRAN'S CHEMICAL WEAPONS PROGRAM. AS A STATE PARTY TO THE CHEMICAL WEAPONS CONVENTION, CHINA HAS AN INTERNATIONAL LEGAL OBLIGATION NOT TO ASSIST ANYONE, IN ANY WAY, IN CHEMICAL WEAPONS ACTIVITIES.

-- WE LOOK FORWARD TO HEARING THE RESULTS OF YOUR INVESTIGATION.
END POINTS.

14. (C) PLEASE SLUG REPLIES FOR NP/CBM, EAP/CM, AND INR/SPM.
POWELL